

DDI #9034-82  
8 November 1982

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence  
Executive Director  
Director, External Affairs

FROM : Deputy Director for Intelligence

SUBJECT : Outside Evaluations of CIA Analysis

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1. Two separate assessments of the quality of CIA analysis in Soviet affairs are underway:

- The first is the effort commissioned by the PFIAB and approved by the President to have a critique under the auspices of the Department of Commerce of our assessment of the Soviet economy. The principal question to be answered is whether our generally pessimistic outlook, including the conclusion that the Soviets will have to make difficult resource choices during this decade, bears up to scrutiny. This study will be carried out under Lionel Olmer's direction using a group of highly respected experts on the Soviet Union.
- The second effort is one I have commissioned, with the Director's approval, to carry out an intensive investigation of our assessments on Soviet defense spending. This has its roots in my skepticism as to the validity of our current assessments of what percentage of GNP the Soviets spend on defense and my suspicion that the level of burden is probably considerably higher. These estimates are also the most controversial work we do. This study is being chaired by Dr. Ivan Selin, Chairman of the Director's Military Economic Advisory Panel, and includes several other members of the panel as well as some other outsiders who hold clearances. This will probably be the more in depth of the two studies and is intended to provide recommendations on how the effort could be improved or whether the uncertainties are so great that we ought not to continue this work -- at least in its present form. In any event, the panel

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will be talking to all critics of CIA's work in this area and whatever comes out of it -- especially if there is in any way an endorsement of our work or recommendations only for modest improvements -- can be used to good effect with Congress and elsewhere to defend and improve our assessment. [ ]

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2. The fact that a number of outsiders will be consulted in the course of both of these independent assessments makes it quite likely that there will be some press attention to both. In the case of the PFIAB study, for example, there are likely to be a number of questions about another "A Team - B Team exercise" such as went on in 1976 and generated a good deal of attention. PFIAB will refer questions that come to them about their efforts to Judge Clark and the NSC. Questions relating to the defense costing effort will come here. In any event we are likely to receive questions relating to both. Accordingly, I have drafted the attached general purpose question and answer which I believe could be used to respond to questions about either effort. [ ]

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3. I recommend your approval of the attached Q and A for OEA use in the event of press inquiries relating to either of the two efforts cited above. [ ]

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[ ]  
Robert M. Gates

Attachment:  
As Stated

CONCUR : /s/ Charles A. Briggs  
Executive Director

9 NOV 1982

Date

CONCUR : /S/ John N. McMahon  
Deputy Director of Central Intelligence

15 NOV 1982

Date

APPROVE: /s/ William J. Casey  
Director of Central Intelligence

18 NOV 1982

Date

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Question: What is the CIA's reaction to the PFIAB mandated competitive assessment of CIA's work on the Soviet economy? Is it true that CIA's analysis of the Soviet defense costing effort also is under scrutiny by an outside team? Do the two of these efforts imply a lack of confidence by Director Casey in the Agency's assessments in these areas?

Answer : CIA is constantly working to improve the quality of its analysis. One important means we frequently have used for this purpose is to bring in security cleared experts from American universities, think tanks and other such institutions to critique our work and provide us their suggestions on how to improve it. While the PFIAB effort is independent of the Agency we consider it to be similar to our own efforts along these lines and we welcome it.